

1. A-45
~~76-75-4~~

Deputy Director for
Administration

Jack:

Attached is OMB Bulletin 75-4 which requests information concerning resources for executive development in 1976 budget submissions. Your Directorate responded to the last such request in Bulletin 74-1 (copy attached). Would you please prepare a response to current requirement and forward it through this Office for transmittal to OMB.

Recently your Directorate was assigned action on OMB Circular A-45 by the Executive Secretariat. Would you also route your response to that Circular through this Office for transmittal to OMB.

/s/ John D. Iams

John D. Iams, Comptroller

22 AUG 1974

Distribution:

Original - Addse

1 - Compt

① AS - *Linda*

1 - Linda

UNCLASSIFIED

CONFIDENTIAL

SECRET

Declassified and Approved For Release 2013/08/02 :

CIA-RDP06M00974R000100220002-8

EXECUTIVE SECRETARIAT

Routing Slip

TO:		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	S/MC				
4	DDS&T				
5	DDI				
6	DDM&S	✓			
7	DDO				
8	D/DCI/IC				
9	D/DCI/NIO				
10	OGC				
11	OLC				
12	IG				
13	Compt		✓		
14	D/Pers				
15	D/S				
16	DTR				
17	Asst/DCI				
18	AO/DCI				
19					
20					
21					
22					
SUSPENSE		Date			

Remarks:

*Urgent response, pls. sent
 buckslip to DDA asking for
 transmittal to OMB via Compt.*

8/22/74.

Executive Secretary

Date

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

AUG 12 1974

COMPT 74-1211
Executive Registry
74-2608

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

Subject: Proposed revision of OMB Circular No. A-45, Revised

Office of Management and Budget Circular No. A-45, Revised, dated October 31, 1964, prescribes policies governing the establishment of charges for rental quarters and related facilities supplied to employees. The circular includes a requirement that rental rates and other charges, once established, shall be affirmed or adjusted at least once every three years to insure that they reflect changes in the private rental market.

An interagency study was recently made to determine the feasibility of adopting the rent series of the Consumer Price Index (CPI) as a means of periodically adjusting rental rates in lieu of triennial surveys of the private market. Based on this study it has been determined that application of the rent series of the U.S. city average CPI compiled and published by the Bureau of Labor Statistics, Department of Labor, provides a feasible and equitable means of effecting interim annual adjustments in rental rates, provided that satisfactory basic rental rates are initially established through survey of the private rental market. While the study disclosed that application of the National Average CPI may result in minor differences between rates charged for Government quarters and those charged for comparable private rental quarters in the nearby community, it also disclosed certain advantages over present procedures for periodically adjusting rental rates.

Specifically, application of the CPI will:

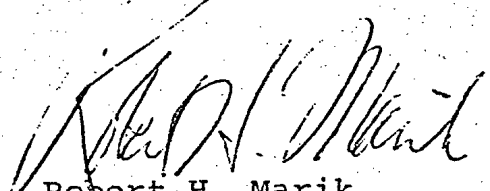
- (1) Maintain rental rates on a more current basis during the interim period between surveys of the private rental market, provided that satisfactory base rates are established initially,
- (2) Minimize the impact on employee tenants by eliminating large rent adjustments every three years, and

COMPT
RECORD COPY

- (3) Reduce administrative effort and costs by lengthening the cycle from three years to five years between comparability surveys for adjusting rates to reflect changes in the private rental market.

In view of the above, the Office of Management and Budget proposes to amend OMB Circular No. A-45 to (1) require that rental rates be adjusted annually by application of the CPI in accordance with procedures set forth in the enclosed Transmittal Memorandum No. 2, and (2) authorize surveys of the private rental market every five years.

We would like to promulgate the proposed change within the next 60 days so that rental rates can be adjusted to be effective in January 1975. Accordingly, we will appreciate it if you will review the enclosed amendments and let us have your comments by September 16, 1974.



Robert H. Marik
Associate Director for
Management and Operations

Enclosures

CIRCULAR NO. A-45

Revised

Transmittal Memorandum No. 2

DRAFT

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Policy governing charges for rental quarters and related facilities

1. Purpose. This Transmittal Memorandum amends paragraph 10.c to provide that rental rates charged for Government-furnished quarters will be adjusted annually by application of the Consumer Price Index (CPI) maintained by the Bureau of Labor Statistics, Department of Labor, in conjunction with periodic surveys of the private rental market in the nearby representative private community.

2. Amendments.

a. Paragraph 10.c is amended to read as follows:

"c. Adjustment to current rates.

To insure that rental rates and other charges reflect changes in the private market, rent schedules will be affirmed or adjusted at periodic intervals in accordance with the procedures set forth in Appendix I of this Circular. However, utilities furnished by the Government and metered or measured will be adjusted whenever rate changes occur in the locality used for comparison.

b. Appendix I is added to Circular A-45, Revised, to prescribe procedures for application of the Consumer Price Index (CPI) as a means of effecting annual adjustments in rental rates.

3. Effective date. These amendments are effective immediately.

Attachment

(No. A-45)

CIRCULAR NO. A-45

Revised
Appendix I

DRAFT

PROCEDURES FOR EFFECTING PERIODIC ADJUSTMENTS IN
RENTAL RATES AND CHARGES FOR RELATED FACILITIES

1. Frequency of adjustment. Charges for rental quarters shall be adjusted periodically in accordance with the following:

a. Periodic (cycle year) adjustments based on survey of the private rental market. Basic rental rates established for rental quarters shall be affirmed or adjusted by survey of the private rental market, as follows:

(1) Every fifth year, or when the basic rental rate for the quarters has been increased by 30 percent through application of the rent series of the U.S. city average CPI (National average CPI), whichever occurs first, provided that valid and realistic comparability has been established with private rental rates, or

(2) Every third year if for any reason valid and realistic comparability with private rental rates has not been established, or

(3) Any year when changes in the private rental market in the nearby established community indicate a need to adjust basic rental rates on the basis of a survey of the rental market.

b. Annual (interim year) adjustments based on changes in the CPI. Annual adjustments in the basic rental rate, to be effective on January 1 of each year or at the beginning of the first pay period which starts on or after January 1 of each year, shall be made by applying the percent change in the CPI from the month in which the previous adjustment was based. Though effective in January, the adjustment shall be based on the preceding September CPI data to provide the required lead time referred to in paragraph 2, below.

2. Availability of CPI data. The Department of Labor, Bureau of Labor Statistics, publishes the Consumer Price Index (CPI) on a monthly basis, and will furnish data

(No. A-45)

concerning the annual percentage change in the rent series of the index to the various Departments and agencies. To provide sufficient lead time within which Federal agencies can give employees advance notice of proposed rent adjustments, and to meet the effective date for implementation specified in paragraph 1b, above, the Bureau of Labor Statistics will furnish, in October of each year, the September CPI data reflecting the percent increase or decrease in the rent series of the U.S. city average CPI from each month in the preceding 18-month period. (For the initial adjustment the BLS data will cover a 48 month period. See attached example of CPI Table.) Those agencies administering rental quarters shall furnish the Bureau of Labor Statistics the name, title, and address of the official to whom these data are to be sent.

3. Initial CPI adjustment. The initial adjustment in existing rental rates for all rental quarters shall be effected in January 1975, on the basis of the change in the rent series of the U.S. City Average CPI calculated from the date of the preceding survey of the private rental market through September 1974.

4. Periodic/Cycle Year adjustment. It is recognized that the cycle year (and survey month within the cycle year) occurs at different points in time for different employee quarters within a Department or agency. Therefore, since annual CPI adjustments effective in January are based on the preceding September CPI data, cycle year adjustment for any particular quarters facility shall be made as follows:

a. When the private rental market survey is made during the months of July through December, no CPI adjustment will be made on the upcoming January 1, but will be deferred until the following January 1 or at the start of the first pay period which begins after January 1 of the following year. Rental adjustments based on the survey will be put into effect in the usual manner. Example: If the survey month is September 1976, no CPI adjustment will be made on January 1, 1977, but will be deferred until January 1, 1978. Such CPI adjustment will be based on the changes in the CPI from the actual date of the survey through September 1977.

b. When the private rental market survey is made during the months of January through June, no CPI adjustment will be made on January 1 of that year, but will be deferred until January 1 or at the start of the first pay period

(No. A-45)

EXAMPLE
CPI TABLE

Percent Change in the U.S. City Average
Consumer Price Index, Rent Series
from Specified Dates through September 1973

<u>MONTH</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
January	21.1	16.7	11.5	7.1	3.4
February	20.7	16.1	10.8	6.9	2.9
March	20.5	15.7	10.5	6.7	2.5
April	20.1	15.4	10.1	6.3	2.2
May	19.8	15.1	9.8	6.2	1.8
June	19.4	14.7	9.3	5.8	1.5
July	19.1	14.4	9.1	5.6	1.2
August	18.7	13.9	8.7	5.3	0.7
September	18.2	13.5	8.4	5.0	0.4
October	17.8	13.0	8.2	4.7	
November	17.4	12.6	8.0	4.5	
December	16.9	11.8	7.7	4.0	

SOURCE: U.S. Department of Labor
Bureau of Labor Statistics
Washington, D.C. 20212
December 1973

FOOTNOTE:

This table will be updated by the Bureau of Labor Statistics as of September each year and furnished to all Federal agencies administering rental quarters. The table reflects the interim CPI adjustment which should be made in the basic rental rates depending upon the month and year that the last survey of the private rental market was conducted. For example: if the last survey of the private rental market was made in March 1972, the total percent change (increase) to be made in the basic rental rate would be 6.7 percent (the percentage figure shown in the 1972 Column for the month of March).

which begins after January 1 of the following year. Rental adjustments based on the survey will be put into effect in the usual manner. Example: If the survey month is February 1976, no CPI adjustment will be made on January 1, 1976, but will be deferred until January 1, 1977. Such CPI adjustment will be based on the changes in the CPI from the actual date of the survey through September 1976.

5. Newly acquired quarters. The initial survey to establish valid and realistic comparability with private rental facilities shall be made upon acceptance of newly acquired quarters and the corresponding rental rates shall be made effective upon occupancy. The initial CPI adjustment in rental rates for newly acquired quarters shall be based on the change in the CPI calculated from the initial survey month through the subsequent September and put into effect in the then following January.

(No. A-45)